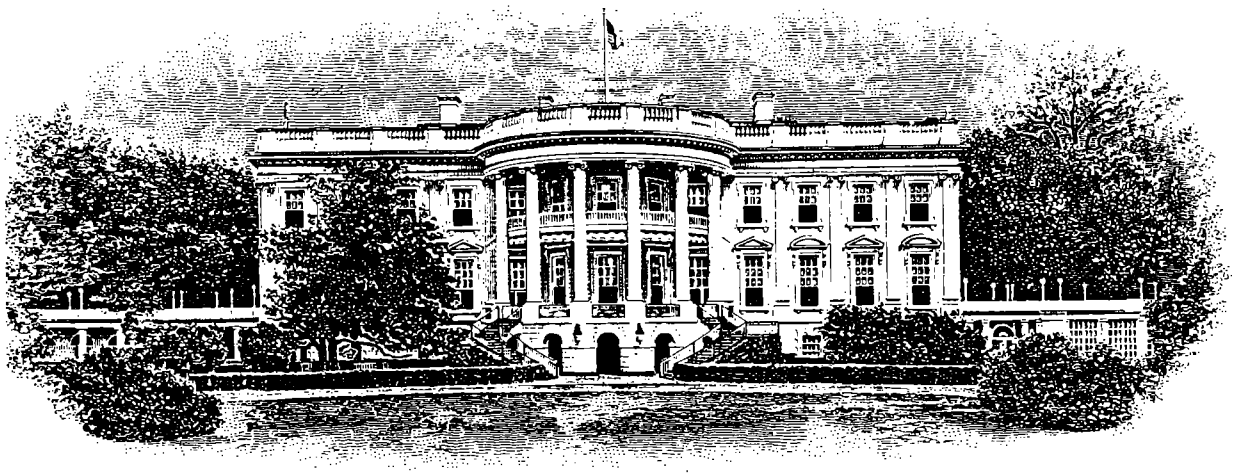
MEDICARE
DRUGS

The White House



PRESIDENT CLINTON AND THE DEMOCRATIC LEADERSHIP UNITE BEHIND A MEDICARE PRESCRIPTION DRUG PLAN
May 9, 2000

Today, President Clinton will join Senate Democratic Leader Daschle, House Democratic Leader Gephardt, and many other Democratic members of Congress to unveil their voluntary Medicare prescription drug benefit plans. These detailed proposals are consistent with the President's Medicare reform initiative and his principles for a prescription drug benefit option that is affordable and available to all beneficiaries. The President will praise the Democratic leaders and the members of their caucuses and will point out that a strong unified Democratic position will help lay the foundation for eventual bipartisan consensus, as was the case with the Norwood-Dingell Patients' Bill of Rights compromise. He will also highlight a new report today that underscores the importance of a Medicare prescription drug benefit for older women. The report, to be released today by the Older Women's League, states that women on Medicare spend 13 percent more out-of-pocket than men for prescription drugs, but have incomes that are on average 40 percent lower.

UNIFIED DEMOCRATIC SUPPORT FOR A NEW, PRESCRIPTION DRUG BENEFIT OPTION THAT IS AFFORDABLE AND AVAILABLE TO ALL BENEFICIARIES.
Today, Senate Democratic Leader Tom Daschle and House Democratic Leader Dick Gephardt, together with numerous Democratic members of the House and Senate, will announce the details of their plans to provide for a voluntary Medicare prescription drug benefit. The plans would be:

- **Voluntary and Accessible To All Beneficiaries.** Both plans ensure that all beneficiaries can access prescription drug coverage, whether they are in traditional Medicare, managed care, or a retiree health plan. Employers will receive financial incentives to provide retiree coverage and maintain existing coverage.

- **Designed To Give Beneficiaries Meaningful Protection.** Both plans will cover up to half of a beneficiary's drug costs up to $5,000 when phased in and provide protection against catastrophic drug costs. In addition, the plan will create financial incentives to ensure that beneficiaries in rural and hard to serve areas can access prescription medications.

- **Affordable To All Beneficiaries And The Program.** Under the plan, Medicare will contribute at least 50 percent of the prescription drug premium to make it affordable for all beneficiaries. The plans will also include special protections for low-income beneficiaries; those with incomes below 135 percent of the poverty level will receive full coverage of cost sharing and premiums, and those with incomes between 135 and 150 percent of poverty will receive premium assistance on a sliding scale.

- **Administered Using Private Sector Entities And Competitive Purchasing Techniques.** Private sector entities will negotiate prices with drug manufacturers and administer the benefit, a mechanism used by most private insurers. Drugs will be purchased at privately negotiated rates, giving beneficiaries the bargaining power they lack today. As a result, beneficiaries will not only receive prescription drug coverage for the first time, they will receive better prices for their drugs.

NEW STATISTICS UNDERSCORE THE IMPORTANCE OF A MEDICARE PRESCRIPTION DRUG BENEFIT FOR OLDER WOMEN. Today, the President will highlight a new report being released by the Older Women's League entitled "Prescription for Change" that underscores the importance of a Medicare prescription drug benefit for women. Key findings from the report include:

- **On Average, Women Spend More Out-Of-Pocket For Prescription Drugs Than Men.** Women on Medicare spend 13 percent more out-of-pocket than men for prescription drugs, but have incomes that average 40 percent lower.

- **More Than One in Three Women on Medicare Lack Prescription Drug Coverage Throughout the Year.** Fully half of women on Medicare without any drug coverage have incomes above 150 percent of poverty. In addition, women with coverage are less likely to have employer-sponsored coverage.

- **More Likely to Have Catastrophic Drug Costs.** Nearly three in five beneficiaries with out-of-pocket drug expenditures of more than $1,000 are women.

A UNIFIED DEMOCRATIC FRONT PROVIDES THE FOUNDATION FOR BIPARTISAN CONSENSUS. President Clinton today will point out that a strong, unified Democratic position enhances the likelihood of passing a Medicare drug benefit, just as it helped to assure the eventual House passage of a strong, enforceable, and bipartisan Patients Bill of Rights. He will hail the announcement of Democratic consensus on the details of a drug benefit and urge Congress to move forward on this vital issue.

Marty J. Hoffmann

05/09/2000 08:00:14 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:
Subject: CORRECTION: Update 2: MoCs atttending Rx Event, Wednesday, 5/10/00

CORRECTION ON TIME OF EVENT:

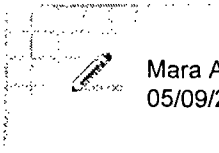
EVENT:	**A Call to Legislative Action for Reform on Prescription Drugs and Medicare**
DATE:	**Wednesday, May 10, 2000**
TIME:	**10:30 AM-11:25 AM**
Location:	Rose Garden (rain site: Room 450)
PRESS:	Open Press
Participants:	The President
	Betty Dizik
	Sen. Daschle
	Rep. Gephardt

MEMERS OF CONGRESS ATTENDING (53):
* Sen. Daniel Akaka (D-HI)
*Sen. Max Cleland (D-GA)
Sen. Tom Daschle (D-SD)
Sen. Byron L. Dorgan (D-ND)
*Sen. Richard Durbin (D-IL)
Sen. Tim Johnson (D-SD)
Sen. Frank R. Lautenberg (D-NJ)
Sen. Patrick Leahy (D-VT)
Sen. Carl Levin (D-MI)
*Sen. Blanche Lincoln (D-AR)
Sen. Harry Reid (D-NV)
Sen. John D. Rockefeller (D-WV)
*Sen. Paul Sarbanes (D-MD)
Rep. Richard Gephardt (D-MO)
*Rep. Thomas Allen (D-ME)
* Rep. Joe Baca (D-CA)
* Rep. Brian Baird (D-WA)
* Rep. John Baldacci (D-ME)
Rep. James A. Barcia (D-MI)
Rep. Sanford Bishop, Jr. (D-GA)
* Rep. Sherrod Brown (D-OH)
* Rep. Lois Capps (D-CA)
Rep. Ben Cardin (D-MD)
Rep. Eva Clayton (D-NC)
Rep. Jerry F. Costello (D-IL)
Rep. Joseph Crowley (D-NY)
* Rep. Peter Deutsch (D-FL)

Rep. John D. Dingell (D-MI)
Rep. Eliot Engel (D-NY)
Rep. Martin Frost (D-TX)
Rep. Richard Gephardt (D-MO)
Rep. Gene Green (D-TX)
Rep. Sheila Jackson-Lee (D-TX)
*Rep. Eddie Bernice Johnson (D-TX)
Rep. Paul Kanjorski (D-PA)
Rep. Nick Lampson (D-TX)
Rep. Barbara Lee (D-CA)
Rep. John Lewis (D-GA)
Rep. Zoe Lofgren (D-CA)
Rep. Frank Mascara (D-PA)
* Rep. Jim McDermott (D-WA)
Rep. Michael R. McNulty (D-NY)
Rep. George Miller (D-CA)
Rep. Jim Oberstar (D-MN)
Rep. Charles B. Rangel (D-NY)
Rep. Carlos Romero-Barcelo (D-PR)
* Rep. Bobby Rush (D-IL)
Rep. Henry A. Waxman (D-CA)
* Rep. Anthony D. Weiner (D-NY)
Rep. Robert Wexler (D-FL)
Rep. Bob Weygand (D-RI)
*Rep. Lynn C. Woolsey (D-CA)
Rep. Al Wynn (D-MD)

* Indicates Members using Sgt. at Arms Transportation. All others can be assumed to be transporting themselves.

Message Sent To:_____



Mara A. Silver
05/09/2000 09:35:39 PM

Record Type: Record

To: Devorah R. Adler/OPD/EOP@EOP

cc:
Subject: not sure if you have this...

Final 5/9/00 9:30pm
Silver/ Weiss

PRESIDENT WILLIAM J. CLINTON
REMARKS ON PRESCRIPTION DRUG BENEFIT
THE WHITE HOUSE
May 10, 2000

Acknowledge: Sen. Daschle; Rep. Gephardt; Older Women's League; aging, disability, consumer and other health advocates; Betty Dizik.

Good morning. I am pleased to be here this morning to announce that the Democratic caucus has lined up to support our effort to secure affordable prescription drug coverage for every older American. Prescription drugs are not a luxury for seniors. They can mean the difference between life and death...between years of anguish or fulfillment. There is no reason, in this time of historic prosperity and strength, that we should force seniors to make that choice. Nowhere but here in Washington is this a partisan issue.

I am extremely grateful to Rep. Gephardt and Sen. Daschle for doing their part to develop an approach that all Democrats can rally behind. And in a few minutes, I will ask them to share the details of our united effort. But we all know that we can't achieve our goal without bipartisan support. That's why, just as we have done with the Patients' Bill of Rights, we want to reach across the aisle to encourage Republican support as well. We believe this can and should be a truly bipartisan effort.

I want to make it clear why America's seniors and people with disabilities cannot afford to wait any longer for the prescription drug coverage that they deserve. Today, more than three in five older Americans lack affordable and dependable prescription drug coverage. And the burden is only getting worse. According to Families USA, the price of the prescription drugs most often used by seniors has risen at double the rate of inflation for six years in a row.

Two groups in particular bear a tremendous burden -- rural Americans and women. As Sen. Daschle knows well, people in rural areas are much less likely to be able to secure prescription drug coverage. And, according to a study released today by the Older Women's League, almost eight out of ten women on Medicare use prescription drugs regularly, and most of them pay for those medications out of pocket. In total, women spend 13% more than men do for prescription drugs -- despite the fact that their incomes average 40% less.

America's seniors -- men and women -- simply deserve better. No senior should ever have to forgo or cut back on life-saving medication because he or she can't afford the cost. And no one should be forced to take a bus trip to Canada, where medicines made in the U.S. are often sold for much less.

That is why we desperately need a comprehensive plan to provide a prescription drug benefit that is optional, affordable, and accessible to all. A plan based on price competition, not price controls. A plan that will boost seniors' bargaining power to get the best prices possible. A plan that is part of an overall effort to strengthen and modernize Medicare -- so we won't have to ask our children to shoulder our burden when we retire.

Adding a voluntary prescription drug benefit is not just the right thing to do. Medically speaking, it's the smart thing to do. No one creating a Medicare program today would even think of excluding coverage for prescription drugs. Thanks to stunning advances in medicine, drugs now can accomplish what once could be done only through surgery -- with less pain, fewer complications, and lower cost.

But older Americans will never see the benefits of these advances if we don't work together, across party lines, to do the right thing. I'm gratified to see growing bipartisan support for creating a new prescription drug benefit. Earlier last month, leaders in the House put forth the outlines of a plan with the stated goal of providing access to affordable coverage for all seniors. Unfortunately, however, that plan does not measure up. Instead, it would subsidize insurance companies to offer prescription-drug-only policies for middle-income seniors -- policies the insurance industry itself has already said it will not offer.

And because their plan would provide direct premium support only to low-income seniors and disabled Americans, it would do nothing for those with modest incomes between $15,000 and $50,000. Nearly half of all the Medicare beneficiaries who lack prescription drug coverage fall into this category. Any prescription drug plan that is not available to all and not affordable to all is not a real plan at all.

Again, this is not about winning a political fight. It's about fighting for the millions of older Americans who are simply seeking the prescription drug coverage they need. It's about who we are as a people and as a nation. It's about giving our parents and grandparents a chance not only to live as long as they can but also as well as they can. After all they have done for us and for America, we owe them that chance.

I'd like to now introduce Betty Dizik, someone who knows first hand the enormous

burden that prescription drug costs can impose on America's seniors. Betty has had to make difficult choices in order to afford the prescription drugs she desperately needs. Betty, I want to thank you for being here and invite you to say a few words...

[*After Rep. Gephardt speaks, you will return to the podium and say a brief word of closing.*]

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A plan that addresses the devastating burden of catastrophic drug costs. And finally, a plan that will allow us to strenghten and modernize Medicare, extend the life of the trust fund, and continue on our budget path that pays off the national debt by the year 2013. I am confident that the proposals outlined here today are designed to achieve each of these goals.

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(A)

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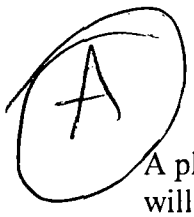

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TOM DASCHLE
SOUTH DAKOTA

United States Senate
Office of the Democratic Leader
Washington, DC 20510–7020

Remarks by Senate Democratic Leader Tom Daschle
Announcing A Voluntary, Affordable Prescription Drug Benefit for Medicare
Wednesday, May 10, 2000

Thank you all for being here. I particularly want to thank you, Mr. President, for using the power of your office to keep this issue at the top of the national agenda -- and the top of Congress's agenda. I also want to thank Betty Dizik for reminding us what this debate is really all about, and why we need a real, meaningful Medicare prescription drug benefit.

Mrs. Dizik isn't alone. The financial and emotional strain of paying for prescription drugs is taking a toll on seniors and their families all across America. Another person who isn't here today, but who could tell a similar story is Fran Novotny.

Mrs. Novotny is a 70-year-old retired nurse from Hill City, South Dakota. She takes prescription medications every day to control diabetes, hypertension and asthma. She's also had by-pass surgery. Every month, she gets a Social Security check for $616. Every month, she spends about $550 on prescriptions. She has a small pension, which doesn't add up to much. So she is quickly depleting her life savings. After it's gone, she has no idea how she will pay for her medications

Like Mrs. Dizik and Mrs. Novotny, most Medicare beneficiaries take prescription drugs for chronic conditions such as osteoporosis, hypertension and diabetes. The average beneficiary takes more than four prescription drugs every day, and fills 18 prescriptions a year. Yet three-in-five Medicare beneficiaries lack decent, dependable coverage for prescription drugs. And more than one-third of all Medicare beneficiaries -- more than 15 million seniors -- have no prescription drug coverage.

Last month, Mr. President, we told you that Democrats in the Senate were working on a plan to add an affordable Medicare prescription drug plan. Our plan is now ready. We will introduce it later today in the Senate. Our plan is very much like the one you have proposed, Mr. President. I'm pleased to tell you, it has strong support among Senate Democrats.

Our plan is completely optional. Every Medicare beneficiary can choose whether they want prescription drug coverage. People who already have prescription coverage they like would be able to keep it.

Our plan is affordable. Medicare beneficiaries' would pay a premium that would cover half the cost of the program. Medicare would pay the other half. Seniors with very low incomes would receive help with their premiums and co-pays.

Under our bill, Medicare would cover half of your prescription drug bills up to $5,000 a year. Our plan also includes catastrophic protections for people who need to take very expensive drugs that can cost $5,000 or $10,000 or $20,000 a year, or more. Our bill dedicates $50 billion to catastrophic protection.

And, it gives seniors bargaining power they don't have today. The problem today isn't just that seniors end up paying out-of-pocket for their prescriptions. They also pay more. On average, a person without drug coverage pays 15 percent more than one with coverage for exactly the same prescription. For a number of commonly used drugs, the difference exceeds 20 percent. Our plan would change that.

In addition – and this is very important to me – our plan includes special protections to make sure that older Americans who live in rural communities have the same affordable, timely access to prescription drugs as everyone else.

Finally, our benefit would be administered using the best techniques from the private sector – and is intended to mirror private sector practices.

In 1965, when Medicare was created, it didn't include prescription drug coverage. Neither did most private insurance plans. Today, virtually all private health plans offer some sort of prescription drug coverage -- but not Medicare. It is time ... it is past time ... to close this gap. Prescription drugs are an integral part of medicine today. They ought to be an integral part of Medicare. Period.

Now -- before the Baby Boomers retire, and the problems are still manageable -- is the time to strengthen Medicare. Now, while our economy is strong, and we have a surplus, is the time to add an affordable, voluntary, affordable prescription drug benefit to Medicare.

We look forward to working with you, Mr. President, with our Democratic colleagues in the House, and with our Republican colleagues, to do that. Prescription drug coverage for all seniors is an issue on which we cannot afford to procrastinate. The cost of delay is too great -- in lost opportunities, lost health, and lost lives.

###

STATEMENT BY BETTY DIZIK

Thank you, Mr. President.

Good morning, Senator Daschle, Mr. Gephardt, Secretary Shalala, Members of Congress, and other distinguished guests.

I am here today to share my story with you so that you will understand how important the prescription drugs I take every day are to my health. These medications keep me healthy and able to share in the lives of my four children, my four grandchildren, my friends, and my neighbors.

I'm 73 years old and I have worked all my life to make sure that I wouldn't burden my children when I got older. And part of the reason I am not a burden to them is because the Medicare program is there to take care of me when I get sick. When I had my open heart surgery a few years ago, Medicare took care of everything I needed – and thank goodness. Without Medicare, the surgery would have cost more than my entire savings.

Although Medicare will pay for my care when I'm in the hospital, it doesn't pay for the one thing that keeps me out of the hospital – the medications I use to keep my heart condition and my diabetes under control. These drugs cost over $5,000 a year – almost a quarter of my annual income – and the financial expense is overwhelming. In order to pay for my medication, I work at Meals on Wheels six days a week. Between my salary and my Social Security checks, I make about $23,000 a year.

You might think that I'd have enough money to buy my medicine and even have a little bit left over to visit my grandchildren.

But it isn't.

Sometimes I don't even have enough for groceries.

And sometimes I end up skipping my pills because I can't afford to fill the prescription.

I try not to skip my medication, because it makes me sick – it gets hard for me to breathe and I get tired really easily. But the worst thing about being sick is that I can't make it to work, and missing work makes it that much harder to pay for the medication that keeps me healthy.

I don't want to ask my children for help. I know they'd help me if I asked them to – but I don't want to be a burden on them. They have lives and children and problems of their own.

Mr. President, I'm not asking for a handout or for charity. I'm willing to work and to do my part. I'm just asking for a little help.

I know that some seniors enroll in an HMO, because they offer prescription drug benefits. But I never wanted to do that. Their drug benefits are very limited, and I've heard they're undependable. Most importantly, I didn't want to give up my doctor.

Mr. President, I believe that most seniors would be happy to pay a modest premium to have a drug benefit that would ease their worries and provide the protections that most older Americans need.

I am asking you and everyone here today to please do everything you can to make sure that seniors can access the prescription drugs they need to have healthy lives.

Providing a new prescription drug benefit is just plain common sense. I know it is the right thing to do. I hope that you and our elected officials – from both parties – can work together to provide access to prescription drugs to our seniors.

Mr. President, I voted for you the first two times, and if they'd let you run again, I'd vote for you a third time. You have done more than anyone to improve the lives of American seniors, and I know that with you leading the way, we have the chance to ensure that all older Americans have access to affordable medications.

I know that you want to help us, and I hope that by being here today I can help you in some small way.

Now, it is my honor to introduce Senator Tom Daschle, a Senator who can and will play a large role in ensuring that we get the type of Medicare drug benefit that older Americans so desperately need.

May 9, 2000

EVENT TO UNVEIL MEDICARE AND PRESCRIPTION DRUG REFORM LEGISLATION

DATE:	May 10, 2000
LOCATION:	Rose Garden
BRIEFING TIME:	10:00am – 10:10am
MEET & GREET TIME:	10:10am – 10:20am
EVENT TIME:	10:25am – 11:25am
FROM:	Bruce Reed, Charles Brain, Mary Beth Cahill, Chris Jennings

I. PURPOSE

To unveil the details of the Democratic Caucus Medicare prescription drug benefit plans and highlight a new report that underscores the importance of a Medicare prescription drug benefit for older women.

II. BACKGROUND

Senator Tom Daschle will introduce his Democratic prescription drug legislation today. He currently has 33 cosponsors. The House Democrats have not yet drafted a bill, but will announce shared elements between any bill they introduce and Senator Daschle's bill. These shared elements, and Senator Daschle's bill, are consistent with your Medicare reform initiative and the principles you have advocated for the development of a voluntary prescription drug benefit. Today, you will praise the Democratic leaders and the members of their caucuses for their detailed Medicare prescription drug benefit plans and point out that a strong unified Democratic position can help lay the foundation for eventual bipartisan consensus. You will also highlight a new report today, released by the Older Women's League, that underscores the importance of a Medicare prescription drug benefit for older women.

UNIFIED DEMOCRATIC SUPPORT FOR A NEW, VOLUNTARY PRESCRIPTION DRUG BENEFIT OPTION. Senator Daschle and Rep. Gephardt, together with numerous Democratic Members of the House and Senate, will announce the details of their plan to provide for a voluntary Medicare prescription drug benefit. The plan, which will be effective on January 1, 2002, is:

- **A New Prescription Drug Benefit Option For All Beneficiaries.** The plan ensures that all beneficiaries can access prescription drug coverage, whether they are in traditional Medicare, managed care, or a retiree health plan. Employers will receive financial incentives to provide retiree coverage and maintain existing coverage.

- **Designed To Give Beneficiaries Meaningful Protection.** The new benefit will cover up to half of a beneficiary's drug costs up to $5,000 and provide protection against catastrophic drug costs. In addition, the plan will create financial incentives to ensure that beneficiaries in rural and hard to serve areas can access prescription medications.

- **Affordable To All Beneficiaries And The Program.** Under the plan, Medicare will contribute at least 50 percent of the cost of the prescription drug premium to make it affordable for all beneficiaries. The plan will also include special protections for low-income beneficiaries: those with incomes below 135 percent of the poverty level will receive full coverage of cost sharing and premiums, and those with incomes between 135 and 150 percent of poverty will receive premium assistance on a sliding scale.

- **Administered Using Private Sector Entities And Competitive Purchasing Techniques.** Drugs will be purchased at privately negotiated rates, giving beneficiaries the bargaining power they lack today. As a result, beneficiaries will not only receive prescription drug coverage for the first time, they will receive better prices for their drugs. In addition, private sector entities will negotiate prices with drug manufacturers and administer the benefit, a mechanism used by most private insurers.

NEW STATISTICS UNDERSCORE THE IMPORTANCE OF A MEDICARE PRESCRIPTION DRUG BENEFIT FOR OLDER WOMEN. Today, you will highlight a new report being released by the Older Women's League entitled "Prescription for Change", which underscores the importance of a Medicare prescription drug benefit for women. Key findings from the report include:

- **On Average, Women Spend More Out-Of-Pocket For Prescription Drugs Than Men.** Women on Medicare spend 13 percent more out-of-pocket than men for prescription drugs, but have incomes that average 40 percent lower.

- **More than one in three women on Medicare lack prescription drug coverage.** Compared to men, women are more likely to have supplemental prescription drug coverage through Medicaid and less likely to have employer-sponsored coverage.

- **Middle-class women bear the heaviest burden.** Those with the highest out-of-pocket drug expenses are those with incomes between 135 and 200 percent of poverty. Fully half of women on Medicare without <u>any</u> drug coverage have incomes above 150 percent of poverty.

III. PARTICIPANTS

Briefing Participants:
Secretary Donna Shalala
Bruce Reed
Charles Brain
Gene Sperling
Joel Johnson
Loretta Ucelli
Mary Beth Cahill
Chris Jennings
Lowell Weiss

Meet and Greet Participants:
Members of Congress TBD
Betty Dizik, Senior, Taramac, FL

Program Participants:
YOU
Senator Thomas Daschle
Representative Richard Gephardt
Betty Dizik, Senior

Betty Dizik is a 73-year-old widow with four children and four grandchildren. She is on Medicare and purchases supplemental health insurance, which does not include prescription drug coverage. Betty spends approximately $450-500 every month to purchase the medications she needs to control her heart condition and diabetes, which is a large portion of her annual income of approximately $23,000. In order to afford these medications she has been forced to continue working full time for Meals on Wheels, and even takes extra seasonal jobs to make ends meet. Betty goes without her medications if she is unable to afford them at the time and often becomes ill as a result. She budgets very carefully when shopping for groceries, is unable to purchase new clothes, and is unable to travel to visit her children and grandchildren.

IV. PRESS PLAN

Open Press.

V. SEQUENCE OF EVENTS

- **YOU** will greet Members of Congress and Betty Dizik in the Oval Office.
- **YOU** will be announced into the Rose Garden, accompanied by Senator Thomas Daschle, Representative Richard Gephardt, and Betty Dizik.
- **YOU** will make remarks and introduce Betty Dizik.
- Betty Dizik, senior, will make remarks and introduce Senator Thomas Daschle.

- Senator Thomas Daschle will make remarks and introduce Representative Richard Gephardt.
- Representative Richard Gephardt will make remarks.
- **YOU** will make concluding remarks, work a ropeline, and depart.

VI. REMARKS

To be provided by speechwriting.

PRESIDENT CLINTON AND THE DEMOCRATIC LEADERSHIP UNITE BEHIND A MEDICARE PRESCRIPTION DRUG PLAN
May 9, 2000

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- **Voluntary and Accessible To All Beneficiaries.** Both plans ensure that all beneficiaries can access prescription drug coverage, whether they are in traditional Medicare, managed care, or a retiree health plan. Employers will receive financial incentives to provide retiree coverage and maintain existing coverage.

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- **Administered Using Private Sector Entities And Competitive Purchasing Techniques.** Private sector entities will negotiate prices with drug manufacturers and administer the benefit, a mechanism used by most private insurers. Drugs will be purchased at privately negotiated rates, giving beneficiaries the bargaining power they lack today. As a result, beneficiaries will not only receive prescription drug coverage for the first time, they will receive better prices for their drugs.

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- **More Than One in Three Women on Medicare Lack Prescription Drug Coverage Throughout the Year.** Fully half of women on Medicare without any drug coverage have incomes above 150 percent of poverty. In addition, women with coverage are less likely to have employer-sponsored coverage.

- **More Likely to Have Catastrophic Drug Costs.** Nearly three in five beneficiaries with out-of-pocket drug expenditures of more than $1,000 are women.

A UNIFIED DEMOCRATIC FRONT PROVIDES THE FOUNDATION FOR BIPARTISAN CONSENSUS. President Clinton today will point out that a strong, unified Democratic position enhances the likelihood of passing a Medicare drug benefit, just as it helped to assure the eventual House passage of a strong, enforceable, and bipartisan Patients Bill of Rights. He will hail the announcement of Democratic consensus on the details of a drug benefit and urge Congress to move forward on this vital issue.

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Senate and House Democrats Agree on Drug Benefit Proposal

Senate and House Democrats agree that Congress should enact a Medicare prescription drug benefit that is affordable, dependable, voluntary, and available for all beneficiaries. The benefit should assist Medicare beneficiaries with the high cost of prescription drugs, protect them from catastrophic drug costs, and give them greater buying power.

The proposals outlined by Senate and House Democrats include the following elements:

- A voluntary, new Part D benefit in the Medicare program.
- A drug benefit available in both fee-for-service Medicare and the Medicare+Choice program.
- Incentives for employers to provide retiree coverage and maintain existing coverage.
- Discounted drug prices as a result of privately negotiated rates.
- Assistance with at least half a beneficiary's drug costs up to $5000, plus protection against catastrophic drug costs.
- Affordable premiums as a result of adequate government contributions (at least 50%) to the cost of the benefit.
- Low-income protections, including full coverage of cost-sharing and premiums for beneficiaries up to 135% of poverty and premium assistance for those between 135 and 150% of poverty.
- Administration through private sector entities that will negotiate prices with drug manufacturers and administer the benefit, similar to the mechanism used by most private insurers.
- Special protections to ensure beneficiaries in rural and hard-to-serve areas have adequate access and rapid delivery of prescription drugs.
- An effective date of January 1, 2002.

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Medicare Expansion for Needed Drugs (MEND) Act
Bill Summary

Overview: The Senate Democrats' Medicare Expansion for Needed Drugs (MEND) Act would create a universal but voluntary prescription drug benefit in the Medicare program. The benefit is designed to assist the 3 out of 5 Medicare beneficiaries who lack dependable, affordable prescription drug coverage, provide coverage for catastrophic drug costs, and give seniors bargaining power that they lack today.

Major Features of the Bill

Voluntary benefit in Medicare (Title XVIII of the Social Security Act). The bill ensures that all beneficiaries have the option of prescription drug coverage, whether they are in traditional Medicare, a Medicare+Choice plan, or a retiree health plan. Under the plan, fee-for-service Medicare would offer a drug benefit for the first time, and drug coverage under Medicare+Choice would become a stable, defined benefit. Those who have private coverage can keep it.

Premium: Beneficiaries would pay premiums that cover half the cost of the program. The government would contribute at least half the costs to ensure adequate participation and affordability. (In comparison, beneficiaries pay 25% of the cost of Part B.) Beneficiaries with income up to 135% of poverty would receive full assistance with premiums and cost sharing. Between 135 and 150% of poverty, beneficiaries would receive assistance with premiums on a sliding scale.

Benefit Design: The benefit would cover 50% of discounted drug costs up to $5000 when fully phased in, as well as coverage for catastrophic drug costs. Beneficiaries would have access to lower, negotiated prices for drugs. The bill would ensure coverage of up-front costs in 2002 and catastrophic drug costs beginning in 2003. The proposal dedicates $50 billion over 10 years to catastrophic coverage, and is expected to cover costs that exceed approximate out-of-pocket expenses above $3,000 to $4,000.

Private Sector Administration of Benefit: For beneficiaries in traditional Medicare, the benefit would be delivered by private entities (e.g., pharmaceutical benefit managers, managed care plans, pharmacy coalitions) that negotiate prices with drug manufacturers and administer the benefit, the same mechanism used by most private insurers. The private entities would compete to deliver the benefit in a specified geographic area, and would be chosen based on its cost and quality. The proposal would require that there are enough geographic regions specified (at least 15) to maintain competition. Beneficiaries in Medicare+Choice who elect Part D would receive the benefit through their +Choice plan, and the plan would receive payment to provide that benefit.

Buying Power and Lower Prices for Medicare Beneficiaries: The benefit structure uses the purchasing power of Medicare's 40 million enrollees to get the type of drug price discounts that other large, private sector buyers get. As a result, beneficiaries will not only gain coverage through the new benefit, they will see better prices for their drugs.

Access for Beneficiaries in Rural and Hard-to-Serve Areas: The bill ensures access for beneficiaries in rural and hard-to-serve areas by giving the Secretary of HHS authority to provide bonus payments to rural pharmacies and the private entity serving those areas to ensure rapid delivery of prescription drugs.

Employer Incentive Program: The new Medicare benefit is voluntary, based on the principle that those who have good coverage today should be able to keep it. The bill includes incentives for employers to provide and maintain existing drug coverage.

MedPAC and GAO Studies: The bill requires the Medicare Payment Advisory Commission and the General Accounting Office to evaluate the drug benefit's impact on the pharmaceutical industry, pharmacies, beneficiary access, and out-of-pocket expenses. The studies also would provide information on the overall competitiveness and efficiency of the benefit structure and the impact of the benefit on Medicare's overall expenditures.

Coverage of Immunosuppressive Drugs: The proposal would expand existing coverage of anti-rejection drugs needed by those who have undergone transplants. Today Medicare covers immunosuppressive drugs only for a limited period following a transplant, even though a transplant operation is very expensive and transplant recipients are expected to live longer than that period of time.

Preventive Benefits: The modernization of Medicare should include a new emphasis on keeping Medicare beneficiaries well, rather than continuing to focus primarily on illness. Prescription drug coverage is an important step in this effort to modernize Medicare and focus it more on prevention. The bill requires the Institute of Medicine to conduct a study on preventive benefits and make recommendations to improve Medicare's preventive benefits. Congress would consider these recommendations on a fast-track basis.

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DEMOCRATIC MEDICARE PRESCRIPTION DRUG ACT OF 2000

Major Features of the House Proposal

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Frost & Stark to 137 Democrat Cosponsors of Allen Price Control Drug Bill:

- We changed our minds, you should too -

IN QUICK REVERSAL, LATEST DEMOCRAT DRUG PLAN DRAFT APPARENTLY *DROPS* PRICE CONTROLS

In Attached Memo to Democratic colleagues, Frost and Stark Reverse Position on Price Controls in Bill They Cosponsored (HR 664), Urge 137 Democrat Cosponsors to Reverse Themselves

A new memo circulating today (May 9th) by Reps. Martin Frost (D-TX) and Pete Stark (D-CA), Chair and Convening Co-Chair of the Democrat Medicare task force, includes the following reference to price controls:

"The Secretary is prohibited from establishing a formulary or setting prices."

Last week, a draft Democrat prescription drug plan included the following legislative language:

"If the GAO determines, and the Secretary agrees that benefit providers are failing to meet the goals of this section, then the Secretary will issue regulations within 3 months, and shall implement such regulations 3 months later to ensure that manufacturers make prescriptions available for Medicare beneficiaries at prices that are substantially equivalent to the favored prices paid by other large purchasers in order to ensure that they are equitable and affordable to seniors."

The Memorandum from Reps. Frost and Stark follows.

MEMORANDUM

To: Democratic Colleagues
From: Martin Frost, Chair, Pete Stark, Convening Co-Chair, Medicare Task Force
Date: 9 May 2000
Re: Democratic Caucus Proposal on Medicare Prescription Drug Benefit

Attached is a 2 page summary of a proposed Democratic Medicare Prescription Drug bill.

It is Rep. Gephardt's hope to announce at a Wednesday press conference with Senator Daschle and the President, that House Democrats are in support of adding a prescription drug benefit to Medicare and that there is general agreement on the type of bill described in this attachment.

The bill is largely the President's proposal from last June, but with the catastrophic benefit designed to start earlier, and the GAO to monitor the effectiveness of the benefit providers in ending price discrimination against seniors.

Each of us would undoubtedly like to see changes in the details of this proposal, but we hope that you will support the general effort and the general concept. If you have strong objections to this proposal, please let me or the Health Subcommittee Minority staffs of Ways and Means and Commerce know at #54318 or let the Minority Leader's office know as soon as possible.

Attachment follows:

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providers achieve greater than anticipated discounts, the savings can be used to decrease the beneficiaries' 50% copay. Each year, the Secretary determines the premium amount necessary to pay no more than half the benefit cost.

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United States Senate

WASHINGTON, DC 20510

"BREAUX-FRIST 2000"- REVISED TO BALANCE REAL MEDICARE REFORMS WITH SENIORS' NEED FOR PRESCRIPTION DRUG COVERAGE THIS YEAR

WASHINGTON (May 9) – In a renewed effort to win passage this year of Medicare reform legislation that includes prescription drug coverage, Sens. John Breaux (D-La.) and Bill Frist (R-Tenn.) proposed a more incremental alternative to their larger, bipartisan bill pending before the Senate Finance Committee.

The senators said congressional approval of "Breaux-Frist 2000" would put the country on the road to real Medicare reform, based on the comprehensive advancements included in their bipartisan "Medicare Preservation and Improvement Act" (S. 1895), introduced last November.

"We must use the growing public support for prescription drugs as our best opportunity to begin to upgrade Medicare for the 21st century," Sen. Breaux said. "We must act this year to put Medicare on solid financial footing so we can, in fact, guarantee that all seniors have access to affordable drugs."

"We're fortunate to have a window of opportunity in which to act this year," said Sen. Frist. "If we delay reform of this vital national program, we risk the future security of our seniors' health care. It's no longer a question of whether to add prescription drugs, it's how to add them while making the program stronger. Let's put Medicare back on solid footing to address the medical needs of our seniors and give them access to affordable prescription drugs."

Sens. Breaux and Frist stressed they have retooled some of the more attainable components of their original legislation, including a universal, affordable prescription drug benefit. They will urge the Senate Finance Committee to adopt this revised plan as the final Medicare proposal for full Senate consideration later this spring.

Incremental reform measures under "Breaux-Frist 2000" would immediately begin to improve coverage options and substantially subsidize prescription drug coverage for the nation's 39 million Medicare recipients. Seniors would also benefit from protections against catastrophic drug costs and improvements in the current, fee-for-service Medicare program.

Breaux-Frist 2000 also establishes an independent, executive-branch Medicare agency to oversee all competing health care plans and ensure plans offer at least the current Medicare core benefits along with the new prescription drug coverage.

The Medicare agency is modeled after the Social Security Administration with responsibilities similar to the Office of Personnel Management, which has a 40-year track record of providing competing health care coverage with prescription drugs for millions of federal employees and their families under the Federal Employees Health Benefits Program.

(Attached is a two-page summary, chart outlining major components, and a side-by-side comparison of the Breaux-Frist legislation vs. this new Breaux-Frist 2000 plan).

BREAUX-FRIST 2000

- Provides a universal, affordable prescription drug benefit
- Protects beneficiaries against catastrophic drug costs
- Improves the current, fee-for-service Medicare program
- Increases opportunities for participation in private plans
- Creates new Medicare agency to encourage choice and competition
- Establishes new measures to ensure Medicare's financial health

	S.1895 (Medicare Preservation and Improvement Act of 1999)	Breaux-Frist 2000
Administration	Independent Medicare Board	New executive branch Medicare agency with advisory board (similar to SSA)
Competition	Premiums linked to national weighted average	Premiums linked to fee-for-service
Drug Benefit	Drug benefit through high option plans with minimum actuarial value. Approved by Medicare Board.	Drug benefit through existing M+C plans and private entities with minimum actuarial value; reinsurance program to assist with high-cost cases; reserve fund for catastrophic benefit beginning in 2006; overseen by new Medicare agency.
Drug Subsidy	Full low-income subsidies up to 135%; sliding subsidy 135-150%; universal 25% subsidy over 150%.	Same
Solvency	Unified trust fund; general revenue funding limited to 40% of total program costs.	A and B Trust Funds remain separate; no trigger on general revenues; new measures to gauge Medicare solvency.

BREAUX-FRIST 2000

Incremental Bipartisan Medicare Reform and Prescription Drug Proposal

SUMMARY

Breaux-Frist 2000 is an incremental Medicare proposal that takes a meaningful first step towards long-term Medicare reform while adding a long-overdue outpatient prescription drug benefit to the program. The proposal strikes a balance between the need for improved benefits and an improved delivery system in Medicare, short of comprehensive reform.

1. MEDICARE AGENCY

Under current law, HCFA runs the fee-for-service and Medicare+Choice programs and controls the terms of competition between private plans and the HCFA-run fee-for-service plan.

Breaux-Frist 2000 would establish a new executive branch agency outside of the Health Care Financing Administration (HCFA) and the Department of Health and Human Services (HHS) to administer Medicare's competitive environment. The new Medicare agency would be modeled after the Social Security Administration with responsibilities similar to the Office of Personnel Management (OPM) under the Federal Employees Health Benefits Program. With the establishment of the new Medicare agency, the Secretary of HHS and the HCFA Administrator maintain full responsibility for fee-for-service Medicare and other non-Medicare functions, with the new Medicare agency overseeing competition between HCFA's fee-for-service plan and private plans.

The proposal also would create an advisory board within the new Medicare agency to advise and make recommendations on Medicare policy.

2. OUTPATIENT PRESCRIPTION DRUG BENEFIT

Breaux-Frist 2000 ensures affordable and accessible outpatient prescription drug coverage for all beneficiaries and provides meaningful protections against catastrophic drug costs. All Medicare beneficiaries will have access to an outpatient prescription drug benefit meeting a minimum actuarial value. Beneficiaries enrolled in Medicare+Choice will be offered the prescription drug benefit through the plan in which they are enrolled. Beneficiaries in fee-for-service Medicare may select a drug benefit offered by private sector entities.

All beneficiaries will receive a subsidy for the purchase of drug coverage. Low-income beneficiaries below 135% of the federal poverty level (FPL) will receive a full subsidy toward coverage; beneficiaries between 135%-150% of FPL will receive a subsidy based on a sliding scale. Breaux-Frist 2000 also provides a 25% universal subsidy toward coverage for all beneficiaries over 150% of FPL.

Breaux-Frist 2000 will also establish a reinsurance pool, which sets aside a specific dollar amount each year to help subsidize plans for their highest costs prescription drug cases. This in effect, provides an additional reduction in drug premiums for all beneficiaries. Additionally, the proposal includes a reserve fund beginning in 2006 to help pay for seniors' catastrophic drug costs.

All prescription drug benefits will be overseen by the new Medicare agency to prevent adverse selection and ensure that all seniors have access to an affordable prescription drug benefit.

3. **COMPETITION AND STABILIZATION OF MEDICARE+CHOICE**

Medicare+Choice plans will compete with fee-for-service Medicare based on price, quality, and benefits overseen by the new Medicare Agency. Premiums for the fee-for-service plan will remain the same as under current law. Premiums for private plans may vary (as in the original Breaux-Frist plan and in the President's proposal). Private plans would set their own premium bid, rather than being forced to accept payments dictated by HCFA, which would greatly stabilize private plan benefits.

All current Medicare benefits will be guaranteed, but existing administrative regulations will be simplified and greater flexibility provided for Medicare+Choice plans in managing cost-sharing and benefits.

4. **FEE-FOR-SERVICE MODERNIZATIONS**

HCFA will be given new flexibility to use private-sector tools to create greater efficiencies within the program and to become more skilled in private sector delivery mechanisms. HCFA may establish a preferred provider network for beneficiaries, designed to offer savings both to beneficiaries and the federal government. HCFA may also establish disease management programs to improve the health of beneficiaries in traditional Medicare. Civil service laws will also be relaxed to allow greater flexibility for management efficiencies within HCFA.

5. **SOLVENCY MEASURES**

The Part A and B Trust Funds will remain separate. A new mechanism will be established so that Medicare's financial health is measured by looking at total spending and revenues for the entire program. These measures would be used to sound an early warning and trigger debate as to policy decisions that are necessary to financially sustain Medicare. The Medicare agency will forward annual policy recommendations to Congress regarding the status of the trust funds.

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